

PART VI - COMMUNITY TRANSITION

The downsizing in 1995 was originally estimated at approximately 2500 people by October 1, 1995; new figures indicate 5,600 were separated by the end of fiscal year 1996. Community "transition" thus takes on a new impetus, much of which is a twin-track approach: look for synergies that cut the cost of cleanup while developing these same themes in the community as community transition opportunities the community itself should exploit.

The FY95 Plan assumed \$1.9 billion per year would be spent over a thirty-year time frame (\$57 billion) at Hanford. Undeniably, Hanford has been the economic "pump" that dominates the Tri-Cities region, a loosely urbanized area of approximately 125,000 people. Reductions at Hanford will negatively impact the local economy without the combination of DOE support through the Hanford Economic Transition Initiative (HETI, established in 1992), the Community Impact and Economic Development Plan (CDP), and the Sustainable Economic Transition Initiative (SETI).

CDP was based on 4 business lines: conversion/reuse of assets, leveraged outsourcing, technology commercialization, and new site missions. The highest priority was placed on the reintegration of displaced Hanford workers. In support of HETI, SETI, and CDP, DOE-RL continues to identify, improve, and implement supportive policies and actions.

In FY95, revised funding for Community Transition was \$3.6 million to the Westinghouse Hanford Company (WHC) with an additional \$2.1 million granted to the site Community Reuse Organization (CRO), the Tri-City Industrial Development Council (TRIDEC) for 7 different community projects. In FY96, \$5.5 million was granted by DOE to fund eleven new community diversification proposals. Funding for fiscal year 1997 is still uncertain; funding for implementation of Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 is being determined in light of new Congressional mandates.

In FY95 to support CDP/HETI, nine separate goals were enumerated, listing broad concepts. With a continuing desire to "attract new private sector operations and jobs to the local area..."(Hanford Site Plan FY95), we have sought to reduce these goals in number and focus their definitions.

GOALS FOR THE RL REGION

The Hanford Job Replacement Challenge...continues

1. Privatizing, outsourcing, or transferring appropriate Hanford services, processes, assets, and technologies in cost effective ways that create a nongovernmental expansion of local commerce and employment.
2. Helping the community locate new businesses via partnerships, CRADAs, licensing agreements, or other technology leveraging arrangements. Seek to capitalize on the uniqueness of the region's human talent, technology, culture, and geography. (The Pacific NW is America's "Brain Belt.")
3. Broadening existing businesses with applicable Hanford technology and opportunities mentioned in #1 & #2 that encourage their private sector market share growth, capital formation, and local employment base.

4. **Advocating for growth in the Tri-Cities area by encouraging greater community economic responsibility. DOE-RL can help in this area with issues such as goal-directed focus, continual improvement, and a regionally unified approach to problem-solving.**

ACTION ITEMS IN SUPPORT OF GOALS

NOTE: In FY95's Plan, eighteen separate actions were listed to support nine (9) separate goals for three different community transition initiatives (HETI, SETI, and CDP). For the future, we plan a distillation of this method where action items are directly linked to goals. Most "actions" fit this adjusted benchmark. This is an on-going problem-solving process.

1. **Continue to identify barriers to restructuring contracts, procurements, regulatory overlap, duplication, etc. which result in delays, added costs, worker anxiety, and confusion. (Goal #1)**
2. **Expand efforts to work with and monitor the WHC Make or Buy Board (MOB) and the WHC Economic Transition Case Review Process under authority of Section 3161 (Defense Authorization Act), to mitigate negative work force restructuring. (Original action item #17 of 18 FY95 and includes item #7; for support of Goal #1.)**
3. **Continue to provide reasonable funding levels to all DOE-relevant community community transition organizations, while intensifying efforts to prioritize, monitor, and reward the focus of these organizations. (Compilation of FY95 action items #1, 2, 3, 6, 7 in support of Goal #4)**
4. **Continue to research and execute doable, one-of-a-kind past proposals, possibly requiring the pursuit of special authorities or grant, agency, or non-DOE funding, for demonstration sites, development and enterprise zones, entrepreneurial programs, or special sole-sourcing arrangements. (FY95 items #12, 14, 15, 16 in support of Goals #2 and 3)**
5. **Establish a new review board or empower one existing, to evaluate these numerous proposals (#4 & #3) with "life or death" authority to continue pursuit, based upon a strategic evaluation of current results, resources and future potential. (FY95 #16, item #15, and item #12 for Goals #4, 3)**
6. **Develop a strong team relationship with Pacific Northwest National Laboratory's non-site technology leveraging efforts. This strategy should be effected at the highest executive level possible, amplifying the Lab's relevant private sector experience. (FY95 Items #13, 15, 11 supporting Goal #2)**
7. **Work closely with our main team members WHC, PNL, TRIDEC and the Hanford CRO group, to probe and analyze state or regionally-based structural growth disincentives. Solutions for these should pass through via the CRO.**
8. **Continue the site's focus on enhancing regional educational opportunities, while exploring ways to spinoff appropriate equipment and other resources in this direction, and to qualified entrepreneurial startup businesses.**

Given new budgetary considerations and the DOE's original CRO memo of 2/24/94 that "funding proposals for...(bricks & mortar) ...would not be encouraged", we are left with the task of further process refinements. All of the pieces are in place for a sustainable economic recovery; however more than ever, the players will need orchestration as they have to play together and to their strengths.

In support of RL's objective to be an active participant in the stability and growth of the local community, RL shall institute a procurement policy that requires major on-site contractors to give preference to local businesses in their subcontracting efforts. Local businesses are defined as all businesses in Benton and Franklin counties, and the adjacent counties of Adams, Grant, Klickitat, Umatilla, Walla Walla and Yakima. Major on-site contractors will be provided the flexibility to place contracts with local businesses through the use of local area set-aside or local area preference solicitations, while retaining the ability to exercise professional judgement in situations where the requirement can best be served by a wider recruitment of "best in class" companies.

COMMUNITY TRANSITION ACCOMPLISHMENTS

The intent of the community assistance program was to create business development and expansion opportunities that would mitigate the impacts of work force restructuring activities at the Hanford Site.

The Department initiated and supported several initiatives through its prime M&O contractor, Westinghouse Hanford Company (WHC), designed to promote re-utilization of excess or currently underutilized site assets to promote community diversification. Other programs supporting the formation of spin off companies by former contractor employees were supported by WHC and Pacific Northwest National Laboratory (PNNL).

The Tri-City Industrial Development Council (TRIDEC) in their role as the Community Reuse Organization (CRO) oversaw the implementation of seven community diversification projects that were funded by a \$2.1 million Department of Energy grant from the Office of Worker and Community Transition. Additionally, the CRO coordinated the submission of additional community-sponsored proposals to DOE that resulted in an additional \$5.5 million being granted by DOE to fund eleven of these new community diversification proposals.

To date, community transition efforts at the Hanford Site have resulted in the creation of more than 170 jobs and thirty-one businesses. The community transition projects currently underway are projected to create more than fourteen hundred jobs and 200 businesses by the year 2000.

In addition to these initiatives, as part of the Department's community transition efforts, community transition was included as a point-scored requirement in the request for proposals for the new site Management and Integration contract, the Project Hanford Management Contract (PHMC). Fluor Daniel Hanford, Inc. the successful bidder for the contract, has promised that it and its integrated subcontractors will help create three thousand non-Hanford jobs during the first five years of the PHMC.